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ALABAMA CHILD CARE MARKET RATE SURVEY FINAL REPORT

OFFICE OF CHILD CARE SUBSIDY
CHILD CARE SERVICES DIVISION
ALABAMA DEPARTMENT OF HUMAN RESOURCES

ALABAMA CHILD CARE 2021 MARKET RATE STUDY FINAL REPORT

PREPARED BY:

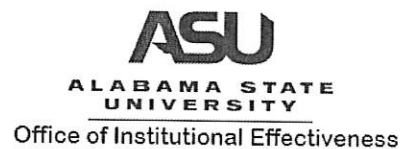


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The Alabama State University research team would like to express their gratitude to all the providers that participated in the Market Rate Survey. The team thanks the personnel of the Alabama Department of Human Resources' Child Care Services Division for their contributions to a collaborative approach in the creation of this final report, which includes a Narrow Cost Analysis as required by the Administration for Children and Families' Office of Child Care.

EXECUTIVE SUMMARY

The Alabama Department of Human Resources (DHR), Child Care Service Division's Office of Child Care Subsidy is responsible for conducting a Child Care Market Rate Study to determine the rate charged per child for reimbursement of care for those that participate in the program. To conduct a Narrow Cost Analysis (NCA), data were gathered from state licensed and licensed-exempt day care centers, family day care homes, and group day care homes (see definition of terms, p. 29). The mandated study is based on data obtained from providers that represent nine (9) geographical regions within the state and will help the agency determine if the level is sufficient to ensuring equal access to child care for low-income families.

To conduct the Market Rate Survey (MRS), DHR's Child Care Services Division contracted Alabama State University (ASU) researchers from the Office of Institutional Effectiveness. Preliminary meetings were held from November to December 2020 to strategize and develop a research timeline that includes project focus and milestones, ensuring a timely completion of a valid, reliable, and comprehensive report. This study meets all federal requirements and best practices in conducting an analysis. They include the following:

1. The agency determined that the source of data would come from the full population of licensed and licensed-exempt day care centers, family day care homes, and group day care homes in the state. This study is representative of the 2,371 providers that received the MRS.
2. A review and verification of the dataset was conducted to remove duplicates and incomplete surveys.
3. Researchers ensured the dataset included child care providers from the nine (9) regions in the State of Alabama. Although all regions are represented, three counties did not include providers participating in the study.
4. This final report is inclusive of an NCA for reporting pricing for multiple age groups for full-day rates for the three provider types.
5. A pretest of the survey questionnaire was administered prior to the launch of the study in January.
6. The lead agency forwarded a notification to all providers that the MRS was forthcoming from ASU.
7. The researchers ensured an appropriate timeline for data collection. Data was collected from January 19th through April 30th.
8. To increase response rates across program types and geographic locations, a follow-up notification was mailed to non-responders.
9. The researchers made sure the analyses of data included transparency, was free of bias, and based on key differences (i.e., geographical location; child age and program type) to inform rates.

Over the course of five (5) months, the researchers updated the survey instrument, pretested the MRS with staff from the Child Care Service Division's Office of Child Care Subsidy,

reviewed the dataset of providers obtained from DHR, created a code for each agency, printed mailers, created an electronic survey in Qualtrics, and mailed surveys to providers with a self-addressed stamped envelope. When the providers received the MRS by mail, they had an option of completing a paper-based survey or completing the survey online using the identifying code located on the notification and questionnaire of the first and second notification (see Appendix A).

Communication with the University researchers and DHR was consistent and ongoing throughout the study. Communication measures included regular emails during the survey administration (January 19th through April 30th) response rates, notification of activities conducted throughout the data collection process, and clarification of expectations for the NCA.

Of the 2,440 providers contacted, three (3) providers indicated their facilities closed and sixty-six (66) providers' mailers were returned with no forwarding address. After removing these 69 providers, the total population for the study was 2,371. Of the total population, 1,613 (68%) unique providers responded to the study. After removal of incomplete surveys, 1,435 (61%) responses were used for the MRS. The final responses represents child care providers from all nine (9) regions in the State of Alabama.

The following are key findings revealed from the analysis of the MRS completed by providers (i.e., day care centers, family day care homes, and group day care homes).

- Of the 1,435 providers who responded to the MRS, 72.68% were categorized as day care centers, 16.56% were family day care homes, and 10.73% were group day care homes.
- The average weekly full-time child care rates varied: \$131 for children under 2.5 years of age, \$123 for children aged 2.5 to 5 years of age, and \$114 for school age children.
- The Administration for Children and Families' Office of Child Care has established the 75th percentile child care market rate as a benchmark for determining equal access to child care. The market rate prices for full-time care providers at the 75th percentile range is \$150 for day care centers for infants, young toddlers, and older toddlers. On average, the cost is similar for family day care homes and group day care homes at a rate of \$140.
- Nearly 17% of providers reported already increasing rates per child due to the COVID-19 pandemic. Additional providers are considering rate increases.
- Of the providers who responded to the MRS, 75.87% of day care centers, 12.9% of family day homes, and 11.23% group day homes report participation in the child care subsidy program.

- Providers from 64 of Alabama's 67 counties responded to the survey. The only counties not represented in the study are Lowndes, Perry, and Greene.
- The data for Alabama Quality STARS providers represent 30 providers who responded to the survey and provided rates. Twenty-five (25) providers are one-star, and five (5) providers are two-star with average weekly rates for 0-2.5 years at \$155, 2.5-5 years at \$146, and school age children at a rate of \$126.
- Data from this study indicate that day care centers usually charge higher prices for child care compared to group day care homes, which are generally less expensive.
- When comparing current data with information reported in the State's MRS Final Report in 2017, day care centers, family day care homes, and group day care homes had an increase in weekly child care cost for children under 2.5 years of age in all regions. The same was determined for children 2.5-5 years of age. Whereas, Region 2 revealed a slight decrease in weekly child care cost reported in 2017 for school-aged children.
- In calculating the rate differences between the 75th percentile weekly child care rates by region, provider type, and age group and the ALDHR reimbursement rates, 95% of child care rates were higher than the reimbursement rate. The 75th percentile weekly child care rates ranged between \$2 and \$45 higher than the reimbursement rates. Four weekly child care rates were the same as the reimbursement rates.

INTRODUCTION

The Alabama Department of Human Resources, Child Care Services Division (CCSD) is the lead agency for the implementation of the Child Care Development Fund (CCDF). CCSD is responsible for development, implementation, and administration of all services authorized under the Child Care Subsidy Program. The mission of the program is to provide Alabama's low-income families with equal access to affordable, quality child care services. The ultimate goal is to provide parents with an opportunity to work or obtain education and /or participate in training opportunities without the barriers of affordability to quality care for their children. The Alabama Child Care Subsidy Program is administered by three Child Care Management Agencies operating in nine (9) Alabama regions that service from five (5) to twelve (12) counties. The support of the program makes it possible for a substantial number of disadvantaged families to have access to child care.

According to Grobe et al. (2008),

Child care market rate studies emerged in the late 1980s as Congress adopted a market based approach to funding child care. In 1990, the federal government began a major investment in child care with the passage of the Child Care and Development Block Grant Act (42 U.S.C 9858 et. Seq.). In 1996, Congress combined multiple funding streams into the Child Care and Development Fund (CCDF) and increased its investment in child care. Since 1998, the Department of Human Services rule for receipt of CCDF funds has included a requirement that states, territories, and tribes demonstrate access to child care for parents who receive a subsidy by referring to a market rate survey conducted no earlier than two years prior to the effective date of the current plan. (p. 1)

The Market Rate Survey (MRS) was designed to gather data from providers in the state to inform reimbursement prices of child care in Alabama and provide information of the child care market relevant to the Child Care Subsidy Program. Additionally, the results of the 2021 survey will be used by CCSD to assess the need for changes to the state's child care payments and as a planning tool for other ADHR programs and offices. The agency will utilize the data to provide the public with information regarding child care costs across the state, enabling comparisons of prices across various categories of child care providers and geographical locations.

In collaboration with CCSD, a research team from Alabama State University (ASU) led the modification of the survey utilized in the 2017 market study for the state. A Principal Investigator (PI) served as the lead for the project, a Co-PI, and three assistants from ASU worked on the Project from November 2020 through June 2021. The Child Care and Development Fund (CCDF) regulations require that the agency conduct a Market Rate Study using a MRS to obtain provider child care rates every three-years. To meet this requirement, the contracted researchers were responsible for completing the following deliverables:

- Survey child care providers in the State of Alabama to obtain child care rates for children in various age categories by provider types;
- Collect and report on the following categories: geographic location, type of care, age group of children, special needs status, extent to which providers participate in the child care subsidy program, and the level the provider participates in the Alabama Quality Rating and Improvement System;
- Conduct a Narrow Cost Analysis (NCA) at the 75th percentile of child care rates by provider type (i.e., child care type) in the nine (9) Alabama regions; and
- Produce a final report that is inclusive of detail results and recommendations on the MRS for public review.

This report includes a methodology, followed by the market rate analysis, which includes an NCA as described in the CCDF. This section of the study reveals (a) the price of child care rates by percentiles; (b) delineates an analysis of data to capture market rate differences based on age group, provider type, and geographical location in Alabama; and (c) analysis for the Alabama Quality STARS program. Other statistical descriptions with regards to the Child Care Subsidy Program, the impact of COVID-19 on child care rates, and access to child care are included. The report concludes with a summary, definition of terms, and appendices.

METHODOLOGY

The researchers at Alabama State University (ASU) analyzed the data in this report in collaboration with the Alabama Department of Human Resources' Child Care Services Division (CCSD). This study used the CCDF final rule on methodology that focuses on a Narrow Cost Analysis. According to this rule, an analysis should include relevant variation by geographic location, category of providers, and age of children; quality rating and improvement system of quality indicators for providers in the state; and identification of gaps between costs incurred by child care providers.

The statistical validity and reliability of the market rate study is a key regulatory provision of the CCDF final rule. The survey utilized in this study includes the following:

- child care market prices,
- complete and current data,
- represents geographic variation,
- uses rigorous data collection procedures, and
- analyzes data in a manner that captures market differences (CCDF, 2016).

The following sections of the methodology include details referencing the survey population, survey development and design, data collection and data control procedures, response rates (i.e., final sample of the population), and data analysis.

SURVEY DEVELOPMENT AND DESIGN

The ASU's research team and DHR's CCSD staff carefully examined the 2017 Market Rate Survey (MRS) administered to providers. They ensured questions were clear, free of typos, and included no redundancy. The survey was formatted to make it easier for providers to complete. Survey questions asking about provider type and licensure status were removed since CCSD provided this information to the researchers. Removing these questions allowed for space to ask a few new questions about the impact of the COVID-19 pandemic on providers' child care rates and obtain feedback about providers' decisions about participating in the child care subsidy program.

Upon completion of the survey revisions, correspondence was prepared to accompany the surveys during the first and second administration of the survey. CCSD mailed an initial notification in December 2020 to alert state providers of its partnership with a local university to conduct the study. The agency worked with the researchers to develop the instructions for the survey to ensure ease of completion by providers if they completed the online or paper administration of the survey. It was during this phase of the survey development and design that the researchers agreed to place an identifying code on the survey for each provider's instrument for further verification of completed surveys.

The final survey was pretested using DHR CCSD staff. Prior researchers utilizing the instrument established the survey validity. The study involved the use of a single survey form

to be completed by child care providers using a paper-based form or utilizing an online survey link. After the pretest, no changes were made to the final survey form or the instructions prepared to accompany the instrument. The survey letter and instructions were modified for the second administration to include a new letter from CCSD, and the phrase “second notification” was added to survey to let providers know that it was a new letter.

SURVEY POPULATION

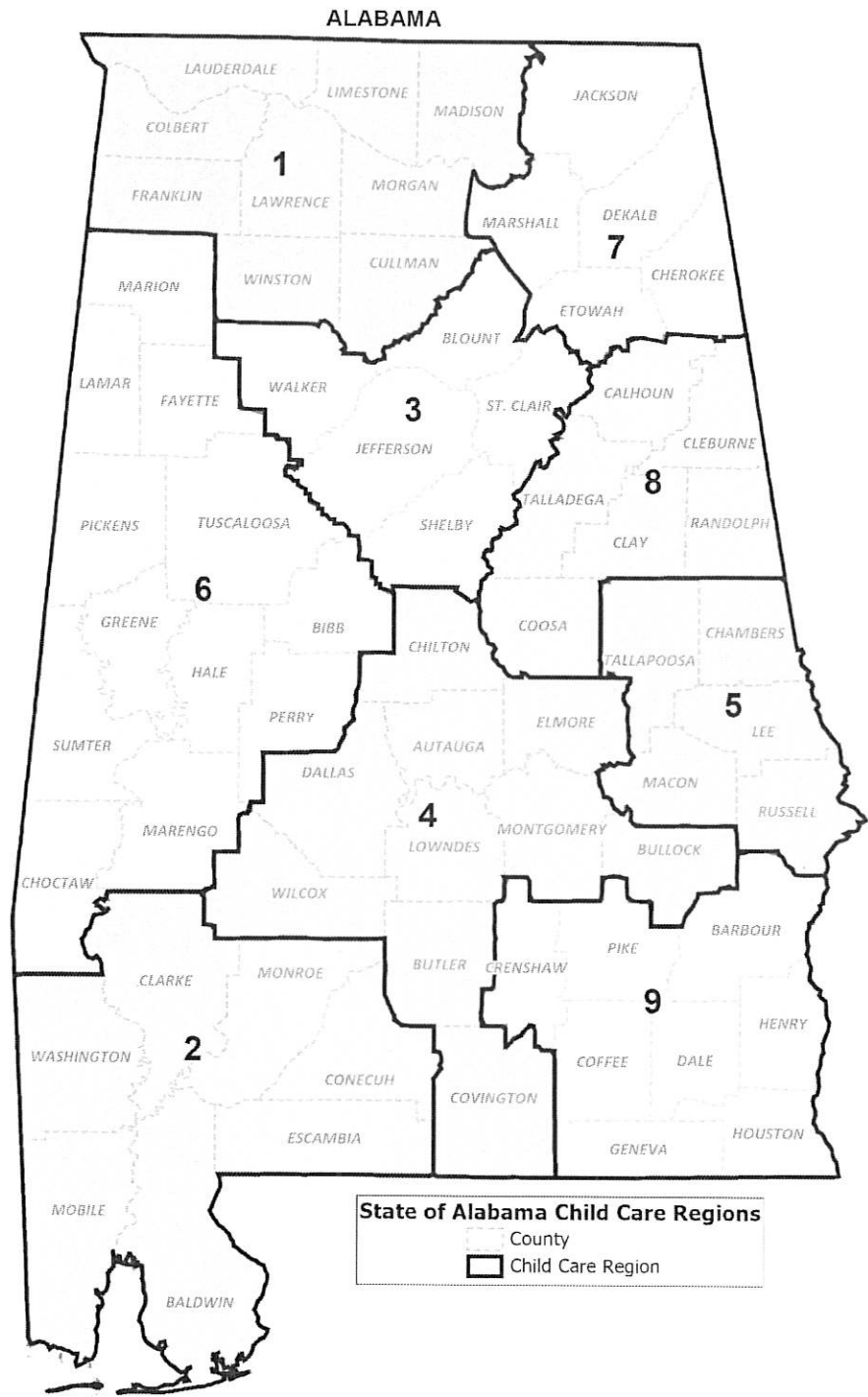
Alabama has 67 counties within nine (9) regions of the state. Table 1 provides a list of the counties and regions. Figure 1 illustrates the counties and regions of the geographical locations of day care centers, family day care homes, and group day care homes that responded to the MRS. Figures 2 through 5 are included in Appendix B. These figures include total providers by region, as well as counts of (a) Alabama day care centers by county, (b) family day care homes by county, and (c) group day care homes by county.

In November of 2020, the lead agency provided the researchers with a list of providers in Alabama. To ensure the researchers had the most recent list of active providers before administering the survey, an updated file of the 2,440 providers was emailed to the researchers on January 5 2021. In the response rates section of the methodology, the percentage of responses by provider types is further elaborated.

Table 1. Alabama Regions and Counties

Region	1-Huntsville	2-Mobile	3-Birmingham	4-Montgomery	5-Opelika
Counties	Colbert Cullman Franklin Lauderdale Lawrence Limestone Madison Morgan Winston	Baldwin Clarke Conecuh Escambia Mobile Monroe Washington	Blount Jefferson Shelby St. Clair Walker	Autauga Bullock Butler Chilton Covington Dallas Elmore Lowndes Montgomery Wilcox	Chambers Lee Macon Russell Tallapoosa
TOTAL	9	7	5	10	5
Region	6-Tuscaloosa	7-Ft. Payne	8-Talladega	9-Dothan	
Counties	Bibb Choctaw Fayette Greene Hale Lamar Marengo Marion Perry Pickens Sumter Tuscaloosa	Cherokee DeKalb Etowah Jackson Marshall	Calhoun Clay Cleburne Coosa Randolph Talladega	Barbour Coffee Crenshaw Dale Geneva Henry Houston Pike	
TOTAL	12	5	6	8	

Figure 1: State of Alabama Child Care Regions



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DATA COLLECTION AND MANAGEMENT

Mail and online options were available to child care providers for completing the Market Rate Survey (MRS). Each of the 2,440 providers were mailed a packet of information that included (a) a letter from CCSD, (b) instructions from researchers from ASU, and (c) a prepaid business envelope. A second administration of the survey was conducted six weeks after the first administration. The online survey was administered using Qualtrics survey software. In addition to sending out two mailings with a paper version of the survey, the researchers also sent the survey link to provider email addresses provided by CCSD. The researchers assigned codes to each provider to ensure data control of providers completing the survey and to allow the researchers to keep track of providers for analysis.

The data entry was completed by a trained professional with prior experience under the supervision of the Co-PI. The data management process involved three steps: entry, verifying, and cleaning the data. As a first step, responses from the paper surveys were entered into the Qualtrics survey software. The complete dataset was then exported from Qualtrics and saved on a secure networked computer. Next, the data were verified to ensure only one entry was recorded for each provider. When duplicates were identified, the records were merged, and if the information differed, the more recent entry was utilized. During the last stage of the process, the survey results were reviewed and cleaned (a) for internal consistency, (b) to remove incomplete responses, (c) to remove extraneous information, and (d) to convert all rate information to weekly rates.

RESPONSE RATES

The state of Alabama has 67 counties divided into nine (9) regions. A total of 2,440 providers were included in the dataset from DHR, as shown in Table 2. Providers were notified in advance of the survey by mail on December 16, 2020. The first MRS was administered on January 19, 2021, approximately one month after the mailing from DHR. There was a second administration of the survey on March 5, 2021, for non-responders.

The researchers ended the collection of data on April 30, 2021, to calculate the response rate and analyze the data. As shown in Table 2, notifications were received from three (3) providers that their facilities were closed, without explanation. Additionally, there were 66 surveys returned with no forwarding address. These 69 providers were removed from the provider list, and the total population was reduced to 2,371. After removing duplicate entries, the number of surveys returned for the study was 1,613, with a response rate of 68%. Of the returned surveys, 178 did not provide monthly or weekly child care rate and, as a result, could not be included in the analysis. After removing all incomplete surveys, the final number of valid surveys completed was 1,435 (61%) for this study.

Table 2. Total Population Response Rate

Total Providers from DHR	2440
# Closed	-3
# No Forwarding Address	-66
TOTAL POPULATION	2371
Total Surveys (includes incomplete, minus duplicate entries)	1613
Response Rate	68%
Total Valid (minus incomplete)	1435
VALID RESPONSE RATE	61%

A comparison of the distribution of surveys completed by day care centers, family day care homes, and group day care homes in Alabama is shown below in Table 3. Additionally, the table outlines the response rates for each provider type.

Table 3. Response Rates by Provider Type

Provider Type	Final Population	Valid Responses	Valid Response Rate
Day Care Centers	1769	1043	59%
Family Day Care Homes	382	238	62%
Group Day Care Homes	220	154	70%
TOTALS	2371	1435	61%

The difference in response rates between licensed and exempt child care providers can be seen in Table 4. As well, the table shows the total number of valid responses and the final sample sizes of the population.

Table 4. Response Rates of Licensed and Exempt Providers

Status	Final Population	Valid Responses	Valid Response Rate
Licensed	1879	1133	60%
Exempt	561	302	54%
TOTALS	2440	1435	59%

MARKET RATE ANALYSIS

The Market Rate Survey (MRS) was used to conduct a Narrow Cost Analysis (NCA) of child care for day care centers, family day care homes, and group day child care homes in Alabama. These variations of costs are by geographic location, provider, or age of child. The methodology for conducting the NCA includes an analysis to address the cost of higher quality care, as defined by the Lead Agency using a quality rating and improvement system at each level of quality and determine gaps between the costs incurred by child care providers and the Lead Agency's payment rates. This section of the report offers an analysis from data collected from providers to gain a better understanding of the costs associated with providing child care in Alabama.

The report's analysis was based on replies from 1,435 day care center, family day care home, and group day care home providers. Questions 5 and 6 were used to collect information on the full-time weekly and monthly child care rates charged to the public. Providers were asked to provide either monthly or weekly rates for children in the following age categories: under 1 year, 1 year, 2 years, 3 years, 4 years, and school age. For providers selecting the monthly option, the monthly rates were divided by 4.333 to convert to weekly rates. To determine the average weekly rates for children 0-2.5 years old, the mean was calculated from the rates for children under 1, 1 year, and 2 years old for each provider, as applicable. For the average weekly rates for children 2.5-5 years old, the mean was calculated from the rates for children 3 years and 4 years old for each provider, as applicable. For the average weekly rate for school-aged children, the highest rate among the before school, after school, or summer/holiday rates, as applicable, was used for the analysis. If a provider listed a range of weekly rates for a particular age group (ex \$110-\$120), the higher rate provided was used in the calculation.

PROVIDER WEEKLY RATES BY CHILD AGE GROUPS SERVED

Table 5 shows details on the number of providers for each group of children based on the surveys received in this study. In addition, the table provides the percent of providers by the child age category. Overall, 90% of providers responding to the survey serve children aged 2.5 and under, 96% served children between 2.5 and 5 years old, and 62% serve school age children.

Table 5. Number of Providers Who Serve Children by Age Group

CHILD AGE GROUPS	# PROVIDERS	% PROVIDERS
Under 2.5 Years of Age	1289	90%
2.5 - 5 Years of Age	1378	96%
School Age	894	62%

Narrow Cost Analysis of Estimated Cost of Child Care Cost

Tables 6, 7, and 8 display the weekly child care rate means and 75th percentiles by region for the three child age groups: under 2.5, 2.5 to 5 years, and school age. All regions, regardless of provider type, indicate higher weekly child care rates for the under 2.5 years age group, followed by the 1.5-to-5-year age group, and then the school age group. For most regions and child age groups, child care centers have higher weekly rates than family day care homes, which have higher rates than group day care homes. There are a few exceptions to this trend, such as the Huntsville region, where family day care homes have higher rates than child care centers for age groups 2.5 – 5 and school age.

Additional analyses of Tables 6, 7, and 8 are included in Appendix C. The additional tables illustrate comparisons from the 2017 and 2021 MRS at the mean and 75th Percentile for weekly full-time child care rates for children under 2.5 years, 2.5-5 years, and school age children by region and provider type.

Table 6. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for Children Under 2.5 Years by Child Care Management Regions and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$141	\$165	\$138	\$150	\$133	\$145
2 – Mobile	\$128	\$145	\$123	\$134	\$115	\$134
3 – Birmingham	\$159	\$195	\$139	\$150	\$128	\$144
4 – Montgomery	\$135	\$150	\$127	\$135	\$101	\$100
5 – Opelika	\$133	\$147	\$125	\$140	\$130	\$148
6 – Tuscaloosa	\$127	\$146	\$105	\$118	\$101	\$125
7 – Fort Payne	\$105	\$118	\$86	\$90	\$99	\$110
8 – Talladega	\$109	\$120	\$107	\$120	\$107	\$115
9 – Dothan	\$114	\$125	\$98	\$103	\$97	\$100

Table 7. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for Children 2.5 - 5 Years by Child Care Management Regions and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$129	\$153	\$137	\$150	\$127	\$145
2 – Mobile	\$119	\$135	\$119	\$130	\$114	\$129
3 – Birmingham	\$146	\$180	\$128	\$145	\$127	\$141
4 – Montgomery	\$121	\$135	\$124	\$135	\$100	\$100
5 – Opelika	\$125	\$140	\$122	\$138	\$127	\$145
6 – Tuscaloosa	\$121	\$136	\$104	\$115	\$104	\$125
7 – Fort Payne	\$99	\$115	\$86	\$90	\$97	\$100
8 – Talladega	\$105	\$120	\$106	\$120	\$110	\$119
9 – Dothan	\$108	\$120	\$97	\$103	\$97	\$100

Table 8. 2021 Mean and 75th Percentile Weekly Full-Time Child Care Rates for School Age Children by Child Care Management Regions and Provider Type

Regions	Day Care Centers		Family Day Care Homes		Group Day Care Homes	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1 – Huntsville	\$118	\$135	\$133	\$150	\$114	\$137
2 – Mobile	\$115	\$130	\$100	\$125	\$116	\$125
3 – Birmingham	\$128	\$150	\$108	\$133	\$118	\$131
4 – Montgomery	\$108	\$125	\$111	\$128	\$95	\$98
5 – Opelika	\$120	\$140	\$117	\$130	\$120	\$138
6 – Tuscaloosa	\$118	\$126	\$96	\$100	\$105	\$125
7 – Fort Payne	\$97	\$110	\$96	\$90	\$91	\$90
8 – Talladega	\$103	\$119	\$108	\$128	\$108	\$115
9 – Dothan	\$101	\$115	\$82	\$88	\$93	\$100

Gap Analysis Between Child Care Providers and Agency

The analysis evaluated in this section of the report includes an evaluation to analyze the gap between costs and payments. Cost information is applied to narrow difference between costs and rates. A weighted approach was utilized in the analysis of provider data.

Table 9 provides the current weekly reimbursement rates by region, provider type, and age group. These reimbursement rates took effect November 1st, 2019.

Table 9. ADHR Reimbursement Rates for Weekly Child Care by Child Care Management Regions and Provider types

Region	DAY CARE CENTERS		
	Under 2.5 Years	2.5-5 Years	School Age
1 – Huntsville	\$138	\$125	\$105
2 – Mobile	\$125	\$117	\$110
3 – Birmingham	\$150	\$138	\$115
4 – Montgomery	\$131	\$115	\$116
5 – Opelika	\$132	\$120	\$109
6 – Tuscaloosa	\$125	\$120	\$115
7 – Fort Payne	\$112	\$105	\$97
8 – Talladega	\$111	\$111	\$93
9 – Dothan	\$107	\$102	\$95
Region	FAMILY DAY CARE HOMES		
	Under 2.5 Years	2.5-5 Years	School Age
1 – Huntsville	\$135	\$131	\$130
2 – Mobile	\$125	\$125	\$125
3 – Birmingham	\$125	\$120	\$110
4 – Montgomery	\$122	\$115	\$115
5 – Opelika	\$134	\$129	\$125
6 – Tuscaloosa	\$105	\$100	\$100
7 – Fort Payne	\$81	\$75	\$75
8 – Talladega	\$98	\$99	\$90
9 – Dothan	\$90	\$90	\$85
Region	GROUP DAY CARE HOMES		
	Under 2.5 Years	2.5-5 Years	School Age
1 – Huntsville	\$132	\$125	\$124
2 – Mobile	\$122	\$123	\$111
3 – Birmingham	\$125	\$125	\$125
4 – Montgomery	\$95	\$95	\$95
5 – Opelika	\$128	\$123	\$115
6 – Tuscaloosa	\$91	\$93	\$93
7 – Fort Payne	\$85	\$85	\$88
8 – Talladega	\$100	\$100	\$100
9 – Dothan	\$100	\$100	\$100

The differences between the ALDHR reimbursement rates from Table 9 and the 75th percentile provider rates from Tables 6, 7, and 8 are presented in Table 10. Almost all (i.e., 95%) of the regions, provider types, and age groups, have 75th percentile weekly child care rates higher than the reimbursement rates. The differences range from the child care rates being \$2 to \$45 higher than the reimbursement rates, as represented by the numbers in Table 10 (see below). There are four instances (i.e., 5%) of the 75th percentile weekly child care rate being the same as the reimbursement rates for the same region, provider type, and age groups. These four instances of the 75th percentile and the reimbursement rate having the same rate represent group day care homes in Dothan, regardless of age, and family day care homes in Tuscaloosa for school ages children.

Table 10. Difference Between 75th Percentile Weekly Full-Time Child Care Rates and ADHR Reimbursement Rates by Child Care Management Regions, Provider Types, and Age Group

Region	DAY CARE CENTERS		
	Under 2.5 Years Gap	2.5-5 Years Gap	School Age Gap
1 – Huntsville	\$27	\$28	\$30
2 – Mobile	\$20	\$18	\$20
3 – Birmingham	\$45	\$42	\$35
4 – Montgomery	\$19	\$20	\$9
5 – Opelika	\$15	\$20	\$31
6 – Tuscaloosa	\$21	\$16	\$11
7 – Fort Payne	\$6	\$10	\$13
8 – Talladega	\$9	\$9	\$26
9 – Dothan	\$18	\$18	\$20
Region	FAMILY DAY CARE HOMES		
	Under 2.5 Years Gap	2.5-5 Years Gap	School Age Gap
1 – Huntsville	\$15	\$19	\$20
2 – Mobile	\$9	\$5	\$0
3 – Birmingham	\$25	\$25	\$23
4 – Montgomery	\$13	\$20	\$13
5 – Opelika	\$6	\$9	\$5
6 – Tuscaloosa	\$13	\$15	\$0
7 – Fort Payne	\$9	\$15	\$15
8 – Talladega	\$22	\$21	\$38
9 – Dothan	\$13	\$13	\$3
Region	GROUP DAY CARE HOMES		
	Under 2.5 Years Gap	2.5-5 Years Gap	School Age Gap
1 – Huntsville	\$13	\$20	\$13
2 – Mobile	\$12	\$6	\$14
3 – Birmingham	\$19	\$16	\$6
4 – Montgomery	\$5	\$5	\$3
5 – Opelika	\$20	\$22	\$23
6 – Tuscaloosa	\$34	\$32	\$32
7 – Fort Payne	\$25	\$15	\$2
8 – Talladega	\$15	\$19	\$15
9 – Dothan	\$0	\$0	\$0

To provide a more detailed understanding of child care rates by child age, Table 11 and Table 12 provide rate information for five groups of children: infants (less than 1 year old), young toddlers (1 year old), old toddlers (2 years old), pre-school aged (3-4 years old), and school age. Table 11 displays the mean and 75th percentile for the weekly rates of day care centers, family day care homes and group day care homes for infants, young toddlers, old toddlers, pre-school, and school age children. The data show that day care center means and 75th percentiles are higher than family day care homes and group day care homes for each child type for Alabama as a whole.

Table 11. 75th Percentile and Average Rates by Age and Provider type

Type of Facility	Age	Mean	75 th Percentile
Day Care Centers	Infant	\$139	\$150
	Young Toddler	\$137	\$150
	Old Toddler	\$132	\$150
	Pre-School	\$125	\$140
	School Age	\$115	\$126
Family Day Care Homes	Infant	\$124	\$140
	Young Toddler	\$122	\$140
	Old Toddler	\$122	\$135
	Pre-School	\$119	\$135
	School Age	\$109	\$125
Group Day Care Homes	Infant	\$120	\$140
	Young Toddler	\$119	\$140
	Old Toddler	\$118	\$140
	Pre-School	\$117	\$140
	School Age	\$111	\$130

The average weekly child care rates, by provider type, for each county in Alabama is provided in Table 12. Since no surveys were received from Lowndes, Perry, and Greene counties, no data can be reported in Table 12 for these counties.

Table 12. Average Weekly Child Care Rate by Age, Provider type, and County

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
AUTAUGA	4	Center	12	\$144	\$140	\$131	\$125	\$108
		Family	4	\$129	\$129	\$129	\$129	\$125
BALDWIN	2	Center	47	\$149	\$138	\$126	\$119	\$125
		Family	12	\$117	\$117	\$118	\$113	\$109
		Group	8	\$134	\$133	\$133	\$131	\$118
BARBOUR	9	Center	5	\$104	\$104	\$95	\$87	\$95
		Family	1	\$95	\$95	\$95	\$95	
		Group	3	\$88	\$88	\$88	\$88	\$88
BIBB	6	Center	3	\$103	\$103	\$103	\$88	\$108
BLOUNT	3	Center	8	\$129	\$129	\$115	\$114	\$122
		Group	1	\$125	\$125	\$125	\$125	\$125
BULLOCK	4	Center	2	\$113	\$110	\$103	\$103	\$110
BUTLER	4	Center	1				\$93	\$92
		Family	5	\$124	\$124	\$124	\$111	\$81
		Group	1			\$100	\$100	
CALHOUN	8	Center	23	\$117	\$117	\$116	\$115	\$109
		Family	8	\$122	\$118	\$118	\$119	\$122
		Group	3	\$100	\$100	\$100	\$100	\$88
CHAMBERS	5	Center	6	\$110	\$110	\$109	\$107	\$108
		Family	3	\$90	\$90	\$90	\$88	
		Group	1	\$90	\$90	\$90	\$90	\$90
CHEROKEE	7	Center	3	\$103	\$100	\$100	\$97	\$95
		Family	3	\$83	\$78	\$78	\$78	\$85
		Group	1	\$70	\$70	\$70	\$70	\$70
CHILTON	4	Center	6	\$126	\$126	\$97	\$93	\$114
CHOCTAW	6	Center	2	\$93	\$93	\$90	\$88	

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
		Family	1	\$100	\$100	\$100	\$109	
		Group	2	\$85	\$85	\$85	\$85	\$125
		Center	5	\$96	\$96	\$94	\$90	\$85
CLARKE	2	Family	1	\$65	\$65	\$65	\$65	\$65
		Group	1	\$90			\$90	
		Center	2	\$78	\$78	\$75	\$75	\$75
CLAY	8	Family	1	\$70	\$70	\$70	\$70	
		Group	1	\$100	\$100	\$100	\$100	
CLEBURNE	8	Center	1	\$95	\$95	\$95	\$95	\$95
		Family	1	\$100	\$100	\$100	\$100	
COFFEE	9	Center	12	\$114	\$114	\$113	\$111	\$97
		Group	2	\$108	\$108	\$108	\$108	\$95
COLBERT	1	Center	9	\$105	\$103	\$99	\$93	\$90
		Family	1		\$100	\$100	\$100	
		Group	2	\$125	\$120	\$120	\$119	\$118
		Center	2	\$88	\$88	\$88	\$86	
CONECUH	2	Family	1	\$80	\$80	\$80	\$80	\$80
		Group	2	\$76	\$65	\$75	\$65	
COOSA	8	Group	1	\$180	\$160	\$160	\$160	\$160
COVINGTON	4	Center	4	\$110	\$110	\$108	\$106	\$100
		Group	2	\$108	\$108	\$108	\$108	\$90
CRENSHAW	9	Center	3	\$100	\$100	\$100	\$100	\$100
		Family	3	\$93	\$93	\$93	\$90	
CULLMAN	1	Center	20	\$108	\$101	\$101	\$96	\$93
		Family	2	\$115	\$120	\$120	\$120	
DALE	9	Group	1	\$135	\$135	\$135	\$135	
		Center	8	\$108	\$108	\$103	\$101	\$88

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
DALLAS	4	Group	1	\$90	\$90	\$90	\$90	\$90
		Center	7	\$111	\$106	\$105	\$95	\$88
DEKALB	7	Center	6	\$103	\$103	\$94	\$92	\$87
		Family	2	\$73	\$73	\$73	\$73	\$80
		Group	1	\$80	\$80	\$80	\$80	\$80
ELMORE	4	Center	15	\$141	\$137	\$127	\$118	\$106
		Family	5	\$135	\$122	\$120	\$120	\$110
		Group	3	\$100	\$95	\$95	\$95	\$100
ESCAMBIA	2	Center	7	\$95	\$95	\$107	\$104	\$95
		Group	4	\$87	\$86	\$86	\$86	\$85
ETOWAH	7	Center	22	\$119	\$118	\$113	\$108	\$95
		Family	2	\$70	\$70	\$70	\$70	\$80
		Group	3	\$120	\$120	\$120	\$117	\$108
FAYETTE	6	Center	3	\$127	\$120	\$120	\$113	\$108
		Family	2	\$100	\$100	\$100	\$100	\$100
FRANKLIN	1	Center	4	\$110	\$110	\$108	\$110	\$98
		Group	4	\$98	\$98	\$98	\$98	\$98
GENEVA	9	Center	4	\$100	\$100	\$100	\$99	\$99
		Family	2	\$85	\$85	\$85	\$85	\$70
		Group	1	\$100	\$100	\$100	\$100	\$100
HALE	6	Center	2	\$120	\$120	\$110	\$99	\$100
		Group	2	\$140	\$140	\$140	\$140	\$140
HENRY	9	Center	5	\$110	\$109	\$108	\$108	\$109
		Family	2	\$75	\$75	\$80	\$75	\$75
HOUSTON	9	Center	41	\$122	\$121	\$119	\$112	\$105
		Family	4	\$118	\$123	\$115	\$113	
JACKSON	7	Center	5	\$99	\$70	\$74	\$73	\$100

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
		Family	1	\$100	\$100	\$100	\$100	
		Group	1	\$100	\$100	\$100	\$90	\$90
JEFFERSON	3	Center	151	\$163	\$160	\$155	\$145	\$128
		Family	21	\$139	\$138	\$136	\$124	\$102
		Group	18	\$138	\$134	\$133	\$135	\$121
LAMAR	6	Center	3	\$103	\$100	\$98	\$95	\$95
		Group	2	\$70	\$70	\$70	\$70	\$65
LAUDERDALE	1	Center	15	\$122	\$122	\$120	\$115	\$114
		Family	2	\$115	\$115	\$115	\$115	\$100
		Group	3	\$113	\$113	\$113	\$113	\$113
LAWRENCE	1	Center	4	\$110	\$110	\$106	\$101	\$93
		Group	3	\$98	\$98	\$97	\$93	\$80
		Center	32	\$150	\$148	\$141	\$138	\$129
LEE	5	Family	16	\$136	\$128	\$134	\$133	\$125
		Group	6	\$143	\$142	\$142	\$142	\$145
		Center	7	\$147	\$147	\$147	\$139	\$127
LIMESTONE	1	Family	1	\$200	\$200	\$200	\$200	\$200
		Center	1	\$132	\$132	\$132	\$120	\$109
		Family	2	\$120	\$120	\$120	\$120	\$120
MACON	5	Center	80	\$173	\$168	\$164	\$151	\$139
		Family	19	\$151	\$146	\$146	\$145	\$139
		Group	20	\$152	\$152	\$151	\$144	\$127
MADISON	1	Center	5	\$114	\$112	\$112	\$112	\$117
		Group	4	\$118	\$118	\$105	\$118	\$107
		Center	3	\$113	\$113	\$108	\$101	\$97
MARENGO	6	Family	3	\$102	\$93	\$93	\$93	\$95
MARION	6	Center	14	\$113	\$101	\$102	\$99	\$105
MARSHALL	7	Center						

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
MOBILE	2	Family	1	\$150	\$150	\$150	\$150	\$150
		Group	3	\$93	\$93	\$93	\$93	\$90
		Center	102	\$135	\$133	\$130	\$123	\$115
MONROE	2	Family	29	\$133	\$132	\$129	\$127	\$100
		Group	4	\$134	\$134	\$133	\$131	\$129
		Center	5	\$108	\$107	\$100	\$99	\$92
MONTGOMERY	4	Family	2	\$105	\$105	\$105	\$105	\$105
		Group	1	\$125	\$125	\$100	\$100	\$90
		Center	74	\$145	\$144	\$139	\$128	\$111
MORGAN	1	Family	36	\$129	\$129	\$126	\$125	\$116
		Center	24	\$132	\$131	\$124	\$115	\$102
		Family	3	\$122	\$122	\$122	\$122	\$122
PICKENS	6	Group	4	\$125	\$119	\$116	\$115	\$105
		Center	1				\$68	
		Family	2	\$85	\$85	\$85	\$85	\$100
PIKE	9	Group	2	\$95	\$95	\$95	\$95	\$70
		Center	9	\$127	\$122	\$112	\$112	\$105
		Family	5	\$99	\$99	\$99	\$99	\$100
RANDOLPH	8	Group	2	\$100	\$100	\$100	\$100	\$100
		Center	4	\$106	\$101	\$98	\$91	\$97
		Family	3	\$93	\$90	\$90	\$87	\$83
RUSSELL	5	Center	13	\$120	\$120	\$119	\$113	\$118
		Family	4	\$140	\$137	\$133	\$118	\$117
		Center	38	\$195	\$190	\$183	\$175	\$149
SHELBY	3	Family	4	\$141	\$141	\$141	\$141	\$132
		Group	5	\$138	\$138	\$138	\$138	\$138
		Center	12	\$127	\$125	\$121	\$117	\$109
ST. CLAIR	3	Center						

County	Region	Provider type	# Providers w/ Rate Data	Infant (< 1 yr)	Young Toddler (1 yr)	Old Toddler (2 yrs)	Pre-School (3-4 yrs)	School-Age (5+ yrs)
		Family	1	\$150	\$150	\$150	\$150	
		Group	2	\$123	\$120	\$120	\$120	\$113
SUMTER	6	Center	1	\$83	\$83	\$83	\$83	
		Group	3	\$84	\$84	\$86	\$86	\$95
TALLADEGA	8	Center	13	\$105	\$103	\$104	\$97	\$97
		Group	2	\$93	\$93	\$105	\$100	\$95
		Center	8	\$126	\$126	\$123	\$109	\$102
TALLAPOOSA	5	Family	3	\$107	\$107	\$103	\$103	\$105
		Group	4	\$124	\$124	\$115	\$115	\$113
		Center	39	\$145	\$139	\$136	\$134	\$129
TUSCALOOSA	6	Family	7	\$118	\$118	\$118	\$115	\$92
		Group	3	\$123	\$123	\$123	\$123	\$117
		Center	7	\$120	\$120	\$118	\$105	\$91
WALKER	3	Group	5	\$102	\$97	\$97	\$92	\$98
		Center	2	\$118	\$118	\$113	\$108	\$110
WASHINGTON	2	Family	1	\$95	\$95	\$95	\$85	\$80
WILCOX	4	Center	1	\$94	\$94	\$94	\$94	\$94
		Center	4	\$104	\$104	\$100	\$100	\$84
WINSTON	1	Family	1	\$80	\$80	\$80	\$80	\$79

Quality Rating and Improvement System Analysis

The Alabama Quality STARS program is a part of a national systematic approach to assess and improve center and home day care standards. Participants receive a star rating symbolizing their commitment to quality. The program provides Technical Assistance (TA) services to centers and home day cares participating. Table 16 shows a breakdown of day care centers and home day cares in the State of Alabama who participate in the program by the star ratings.

The data for licensure status, provider type (i.e., center, family home, or group home setting), and the STAR rating were all provided by the Alabama Department of Human Resources and matched to provider survey responses by a unique provider code along with name and address validity checks. Table 13 illustrates the 87 providers in Alabama participating in the STARS program, which includes 36 providers identified as Head Start centers. Table 14 provides a breakdown for the weekly cost for non-Head Start providers that participated in the MRS.

Table 13. Number of Facilities Participating in the STARS Program

Providers Types with Star Rating	Total N=87	1-Star	2-Star	3-Star	4-Star	5-Star
# Head Start (no cost)	36	20	10	2	4	0
# non-Head Start	51	39	8	3	0	1
# non-Head Start responded to survey & provided rates	30	25	5	0	0	0
% non-Head Start responded	59%					

Table 14. Child Care Age and Weekly Price for Non-Head Start, STARS Program Providers

For the 30 non-Head Start responding, average weekly rates are:	
0-2.5 years	\$155
2.5-5 years	\$146
school age	\$126

Health, Safety, Quality and Staffing Requirements

There are a variety of techniques that could be used to determine the amount of cost under the Provider Cost of Quality Calculator (PCQC), which utilizes data from a small number of child care providers in three categories. However, better results may be achieved by requesting data to approximate total costs of child care services. In this Market Rate Survey (MRS) report, no data were collected for a Narrow Cost Analysis of health, safety, quality, and staffing requirements in child care programs. In determining total costs, the researchers suggest an analysis that includes staffing structure, personnel wage data, employee benefits, supplies, expenditures for taxes, maintenance, utilities, attorney fees additional expenses, rent/mortgage, estimate for uncollected fees were not collected to operate a quality facility.

Appendix D includes a recommended supplemental questionnaire sheet to gather data from day care center, family day care home, and group day care home providers in the nine (9) regions in Alabama to determine the costs associated with health, safety, quality, and staffing requirements. `

OTHER STATISTICAL ANALYSIS

In this section of the study, an examination of data reported from the Market Rate Survey (MRS) concerning participation and provider choice to participate in the subsidy program and the impact of the COVID-19 pandemic on day care centers, family day care homes, and group day care homes.

SUBSIDY PROGRAM PARTICIPATION

In total, 775 providers self-reported that they are currently serving children who receive child care fees fully or partially subsidized. Table 15 presents the provider types by percentages of subsidy received. Overall, more day care centers participate in the subsidy program. In terms of the differences among providers, 30.32% of providers participate at a level of 1-25%, 20.39% of day care centers participate in the subsidy program at a level of 26-50%, 22.19% participate at 51-75%, and 27.10% participate at 76-100%.

Table 15. Number of Providers in Each Subsidy Range by Provider type

Provider type	Child Care Subsidy Program (# of Facilities Receiving Subsidy by %)				
	0%	1-25%	26-50%	51-75%	76-100%
Day Care Centers	386	167	126	137	158
Family Day Care Homes	132	31	15	18	36
Group Day Care Homes	61	37	17	17	16
TOTALS	579	235	158	172	210

For the 579 providers who indicated that they do not participate in the subsidy program, at least 220 providers conveyed they do not qualify for the subsidy program or asserted the subsidy program is not needed because their facilities are full. Providers also communicated concern that repetitive training requirements, payment issues, red tape, or the process prevents them from wanting to participate in the program as reported in Tables 16 and 17. However, 127 of the providers indicated an interest in taking part in the subsidy program, and the researchers forwarded their contact information to the CCSD.

Table 16. Provider Reasons for Not Participating in Subsidy Program

Reason for not participating in subsidy	# Responses
Administrative burden (too much paperwork)	138
Don't understand how the subsidy works	48
Due to the DHR payment system (reimbursement)	116
Other	419
Some providers selected more than one reason for not participating in subsidy program	

Table 17. Other Feedback from Providers

Other feedback	Approximate # responses
Provider does not qualify since they are church-affiliated/ exempt, a private school, federally funded, or a free program	over 150
Subsidy is not needed since facility is always full, serves families who do not qualify, currently has no qualifying children	over 70
Training requirement -- repetitive, difficult to obtain, and expensive	10
Payment issues -- takes a long time, parents forget the card, etc.	10
Red Tape -- too many requirements, process takes too long, part-time provider only, etc.	20
In the process of joining/ need more information	15
Of no subsidy providers, # interested in receiving more info on subsidy	127

COVID-19 IMPACT

Nearly 17% of providers reported an increase in weekly child care rates per child due to the COVID-19 pandemic. The number of providers who self-reported an increase in price was 179. The average rate of increase was \$17 dollars per child. Other providers indicated that they were temporarily closed for some or all the year due to the COVID-19 pandemic, with some preparing to re-open to provide child care services in late spring 2021. Most of the open-ended comments on the survey related to two main topics. The first topic was the difficulty in finding child care workers during the pandemic. The second topic was the extra costs that providers pay for cleaning supplies, personal protective equipment, and other supplies to mediate the risks of exposure to COVID-19. These two challenges are causing some providers to consider increasing rates in the future.

As a result of the COVID-19 pandemic, 723 (50%) of the providers who responded to the survey indicated that they reduced the number of children they served. The average provider reduction in children served during the pandemic was 22 children. Table 18 shows the average enrollment decline in number of students, by region, and provider type. This negative impact resulted in fewer families having access to at least 723 child care facilities in the State of Alabama.

Table 18. Average enrollment decline (# of children) during the pandemic, by provider type and region

Region	Day Care Centers	Family Day Centers	Group Day Care Homes	Overall (all Provider Types)
1 – Huntsville	24	3	4	21
2 – Mobile	36	4	6	30
3 – Birmingham	25	2	5	22
4 – Montgomery	31	2	4	26
5 – Opelika	20	2	3	17
6 – Tuscaloosa	19	2	5	14
7 – Fort Payne	13	0	7	12
8 – Talladega	11	3	3	9
9 – Dothan	21	2	0	19
All Regions	26	3	5	22

SUMMARY

This report presents the findings of the 2021 Alabama Market Rate Survey and the analysis of data by researchers at Alabama State University. The development and implementation of the survey was conducted in collaboration with Child Care Services Division. The survey was designed to collect information on child care rates in Alabama to determine rates for child care cost reimbursement. Child care centers, group family day cares, and family day cares in Alabama were targeted for this effort, and the response rate was 61% (1,435) of provider types.

The Narrow Cost Analysis provided in this report is subject to the assumption that the survey data are based on child care provider responses. Not all child care providers responded to the survey, so the data may not be a representative or reflective of the actual costs to provide child care in Alabama. While the response rates were adequate, providers did not answer questions related to fees charged, discounts provided, and fees relative to the Child Care Subsidy program.

DEFINITION OF TERMS

Current Market Rates - the maximum subsidy payment rates that were effective November 1, 2019.

Child Care Center – a child care facility licensed by the Department or otherwise legally authorized, which receives more than 12 children during the day or night, as applicable.

Cost – the value of all resources required to deliver child care services, including salaries, rent, utilities, equipment, insurance, supplies and other personnel and non-personnel expenses.

Group Family Day Care (GFDC) – an individual licensed by the Department to provide care in a private residence, other than the eligible child's residence, for at least seven (7), but not more than twelve (12), children during the day or night, as applicable.

Family Day Care (FDC) – an individual licensed by the Department to provide care as the sole caregiver in a private residence, other than the eligible child's residence, for no more than six (6) children during the day or night, as applicable.

"75th percentile" – refers to the subsidy payment level that allows a parent to expend 75 percent of privately purchased child care in a certain area. The private pay rates for all children served within a category of care are determined by examining child care from lowest to highest to determine the 75th percentile. Rates are counted three-quarters of the way up from the bottom (lowest rate) to determine the rate that represents the 75th percentile.

Infant/Toddler – In the Market Rate Survey, "infant/toddler children" are those from zero to 36 months.

Preschool Children – In the Market Rate Survey, "preschool children" are those 37 months to five years old.

Price – the amount of child care providers in the priced market typically charge parents for the child care of children who do not receive federal or state government child care subsidies.

School-Age Children - In the Market Rate Survey, "school-age children" are children five through twelve years old (or through age 18 if the child has a physical or mental disability documented by a licensed physician, psychologist, or psychiatrist).

Full-time rates – reflect the maximum full-time rates for child care services averaging more than 25 hours per week.

Alabama Quality STARS (QRIS) rated programs – is part of a national systematic approach to assess, improve, and communicate the level of quality in early care and education programs.

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APPENDICES

APPENDIX A: Market Rate Surveys (First and Second Notification)



State of Alabama
Department of Human Resources

S. Gordon Persons Building
50 Ripley Street
Post Office Box 304000
Montgomery, Alabama 36130-4000
(334) 242-1310
<http://dhr.alabama.gov>

December 16, 2020



Nancy F. Buckner
Commissioner

Dear Provider,

The time has come again for the state of Alabama to reach out to each child care provider to conduct a market rate survey. The Department of Human Resources conducts a market rate study every three years to determine the rate charged per child for reimbursement for care for those that participate in the Child Care Subsidy Program. The Alabama Department of Human Resources, in partnership with a local University, conducts the survey to assist in this determination. We recognize each provider offers a special type of quality care that is different and therefore rates are adjusted accordingly. Because of this, we contact each provider in all child care settings in making our determination. In order to do this, we need your input, even if you do not participate in the Child Care Subsidy Program.

As stated in a previous correspondence, we invite you to complete the survey included, created in partnership with Alabama State University for the Department of Human Resources. Instructions are included on how to complete the survey online as well as submitting the survey via the United States Postal Service. We encourage each provider to complete the survey online. We are looking forward to your responses and assistance in this endeavor.

Thank you for your continued commitment to serving the families and children of Alabama particularly during these unprecedented times.

Bernard Houston, Administrator

Child Care Services and Workforce Division

CHILD CARE MARKET RATE SURVEY INSTRUCTIONS

Dear [REDACTED],

The Alabama Department of Human Resources is asking each child care provider in the state of Alabama to provide information about their current rates. DHR will use this information to determine future rates for the Child Care Subsidy Program.

There are two ways for you to complete the Child Care Market Rate Survey for the Alabama Department of Human Resources.

- 1. Online** – the quickest way to complete the survey is to enter your information into the online survey by using the link or QR Code below. If DHR has your email address, then you should have received an email with this link as well. Please use the following Survey Code when completing the online survey: AD3224
- 2. Paper** – if it is difficult for you to complete the survey online, you can fill out the survey below and mail it back to Alabama State University using the enclosed addressed postage paid envelope.

<https://tinyurl.com/AlabamaMRS> OR



PAPER SURVEYS TO BE MAILED TO:

Attn: Dorothy Birl-Johnson
Office of Institutional Effectiveness
P.O. Box 271
Montgomery, AL 36101-0271

Each provider should only complete the survey one time. If you have any questions about the Market Rate Survey, please contact Alabama State University by emailing pie@alasu.edu or calling 334-229-8318. Thank you for your participation!

Alabama State University Research Team

MARKET RATE SURVEY

Survey Code: AD3224

1. Please complete the following information about your facility.

Facility Name		
Street Address		
City	Zip	County
Phone	Email	

2. How many children do you currently have enrolled at your facility? _____
3. Have you decreased the number of children you serve due to COVID-19 precautions? ☐ Yes ☐ No
If yes, how many children did you serve in January of last year (before the COVID-19 pandemic)? _____
4. What type of rate do you publish and charge the general public for child care? ☐ Weekly ☐ Monthly
5. **Weekly Rate:** If you charge a weekly rate, please enter the full-time weekly rate you publish and charge the general public for child care for the following age groups. If you charge a monthly rate, skip to the next question. *NOTE: Full-time means more than 25 hours per week.*

Less than 1 year old	\$ _____/week	4 years old	\$ _____/week
1 year old	\$ _____/week	School ages children before school care	\$ _____/week
2 years old	\$ _____/week	School ages children after school care	\$ _____/week
3 years old	\$ _____/week	School ages children summer/holiday care	\$ _____/week

6. **Monthly Rate:** If you charge a monthly rate, please enter the full-time monthly rate you publish and charge the general public for child care for the following age groups. *NOTE: Full-time means more than 25 hours per week.*

Less than 1 year old	\$ _____/month	4 years old	\$ _____/month
1 year old	\$ _____/month	School ages children before school care	\$ _____/month
2 years old	\$ _____/month	School ages children after school care	\$ _____/month
3 years old	\$ _____/month	School ages children summer/holiday care	\$ _____/month

7. Have you increased the rate per child due to the COVID-19 pandemic? ☐ Yes ☐ No
If yes, by how much have your rates increased? _____
8. What registration fee do you charge the general public for a new child? _____
9. What rate do you charge for special care children (ex: children with particular needs)? _____
10. Please provide any further explanation that you may have about your rates (ex: sibling discount, employee discount, etc.)

11. Approximately what percentage of the children you currently serve have their child care fees fully or partially subsidized through the Child Care Subsidy Program? (circle only one)

0% 1-25% 26-50% 51-75% 76-100%

12. For children using a subsidy, do you charge any fees to parents beyond co-payments? *If yes, please complete the following information about the fee(s).*

a. Purpose of fee: _____
b. Fee Amount: \$ _____ c. How often (check one): ☐ Weekly ☐ Monthly ☐ Annually

13. If you do NOT currently participate in the Child Care Subsidy Program, why do you not participate? (Select all that apply):

☐ Due to the DHR payment system (reimbursement) ☐ Administrative burden (too much paperwork)
☐ Don't understand how the subsidy works ☐ Other: _____

14. If you do NOT currently participate in the Child Care Subsidy Program, are you interested in receiving information about joining the subsidy program? _____ Yes _____ No

15. Please share any questions or concerns you have about the Child Care community.

If more space is needed, turn this sheet over and continue on the back.



State of Alabama
Department of Human Resources

S. Gordon Persons Building
50 Ripley Street
Post Office Box 364000
Montgomery, Alabama 36130-4000
(334) 242-1310
<http://dhr.alabama.gov>



SECOND NOTIFICATION

March 5, 2021

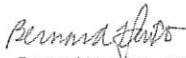
Dear Provider,

On December 16, 2020, a notification was sent to you requesting your participation in the State of Alabama's market rate survey from our partners at Alabama State University (ASU). Every three years the Alabama Department of Human Resources conducts a market rate study to determine the rate charged per child for reimbursement of care for those that participate in the Child Care Subsidy Program. We recognize each provider offers a special type of quality care that is different; therefore, rates are adjusted accordingly. Due to these variances, we contact each provider in all childcare settings during the process of making our determination. **We need your input in our market rate study, even if you do not participate in the Child Care Subsidy Program.**

Instructions are included on how to complete the survey online or in paper format. We encourage all providers to complete the survey using the link for faster processing of responses. **We ask that you complete the survey by March 22nd, 2021.**

Thank you for your continued commitment to serving the families and children of Alabama, particularly during these unprecedented times.

We look forward to receiving your feedback in this endeavor.


Bernard Houston, Administrator

Child Care Services and Workforce Division

CHILD CARE MARKET RATE SURVEY INSTRUCTIONS

Dear [REDACTED],

The Alabama Department of Human Resources is asking each childcare provider in the state of Alabama to provide information about their current rates. DHR will use this information to determine future rates for the Child Care Subsidy Program.

There are two ways for you to complete the Child Care Market Rate Survey for the Alabama Department of Human Resources.

- 1. Online** – The quickest way to complete the survey is to enter your information using the online survey. You can access the online survey (a) through the link emailed to you, if DHR has your email address, or (b) by using the link or QR Code below. Please use the following Survey Code when completing the online survey: AP1757
- 2. Paper** – If it is difficult for you to complete the survey online, you can fill out the survey below and mail it back to Alabama State University using the enclosed addressed, postage-paid envelope.

<https://tinyurl.com/AlabamaMRS> OR



SURVEYS TO BE MAILED TO:
Alabama State University
Attn: Christine C. Thomas
Office of Institutional Effectiveness
P.O. Box 271
Montgomery, AL 36101-0271

Each provider should only complete the survey one time. If you have any questions about the Market Rate Survey, please contact Alabama State University by emailing ois@alasu.edu or calling 334-229-4742.

Thank you for your participation!
Alabama State University Research Team

MARKET RATE SURVEY

Survey Code: AP1757

1. Please complete the following information about your facility:

Facility Name		
Street Address		
City	Zip	County
Phone		Email

2. How many children do you currently have enrolled at your facility? _____
3. Have you decreased the number of children you serve due to COVID-19 precautions? ☐ Yes ☐ No
If yes, how many children did you serve in January of last year (before the COVID-19 pandemic)? _____
4. What type of rate do you publish and charge the general public for child care? ☐ Weekly ☐ Monthly
5. **Weekly Rate:** If you charge a weekly rate, please enter the full-time weekly rate you publish and charge the general public for child care for the following age groups. If you charge a monthly rate, skip to the next question. NOTE: Full-time means more than 25 hours per week.

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3 years old	\$ _____/week	School ages children summer/holiday care	\$ _____/week

6. **Monthly Rate:** If you charge a monthly rate, please enter the full-time monthly rate you publish and charge the general public for child care for the following age groups. NOTE: Full-time means more than 25 hours per week.

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2 years old	\$ _____/month	School ages children after school care	\$ _____/month
3 years old	\$ _____/month	School ages children summer/holiday care	\$ _____/month

7. Have you increased the rate per child due to the COVID-19 pandemic? ☐ Yes ☐ No
If yes, by how much have your rates increased? _____
8. What registration fee do you charge the general public for a new child? _____
9. What rate do you charge for special care children (ex: children with particular needs)? _____
10. Please provide any further explanation that you may have about your rates (ex: sibling discount, employee discount, etc.).

11. Approximately what percentage of the children you currently serve have their child care fees fully or partially subsidized through the Child Care Subsidy Program? (circle only one)

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12. For children using a subsidy, do you charge any fees to parents beyond co-payments? If yes, please complete the following information about the fee(s).

a. Purpose of fee: _____

b. Fee Amount: \$ _____ c. How often (check one): ☐ Weekly ☐ Monthly ☐ Annually

13. If you do NOT currently participate in the Child Care Subsidy Program, why do you not participate? (Select all that apply):

☐ Due to the DHR payment system (reimbursement) ☐ Administrative burden (too much paperwork)
☐ Don't understand how the subsidy works ☐ Other: _____

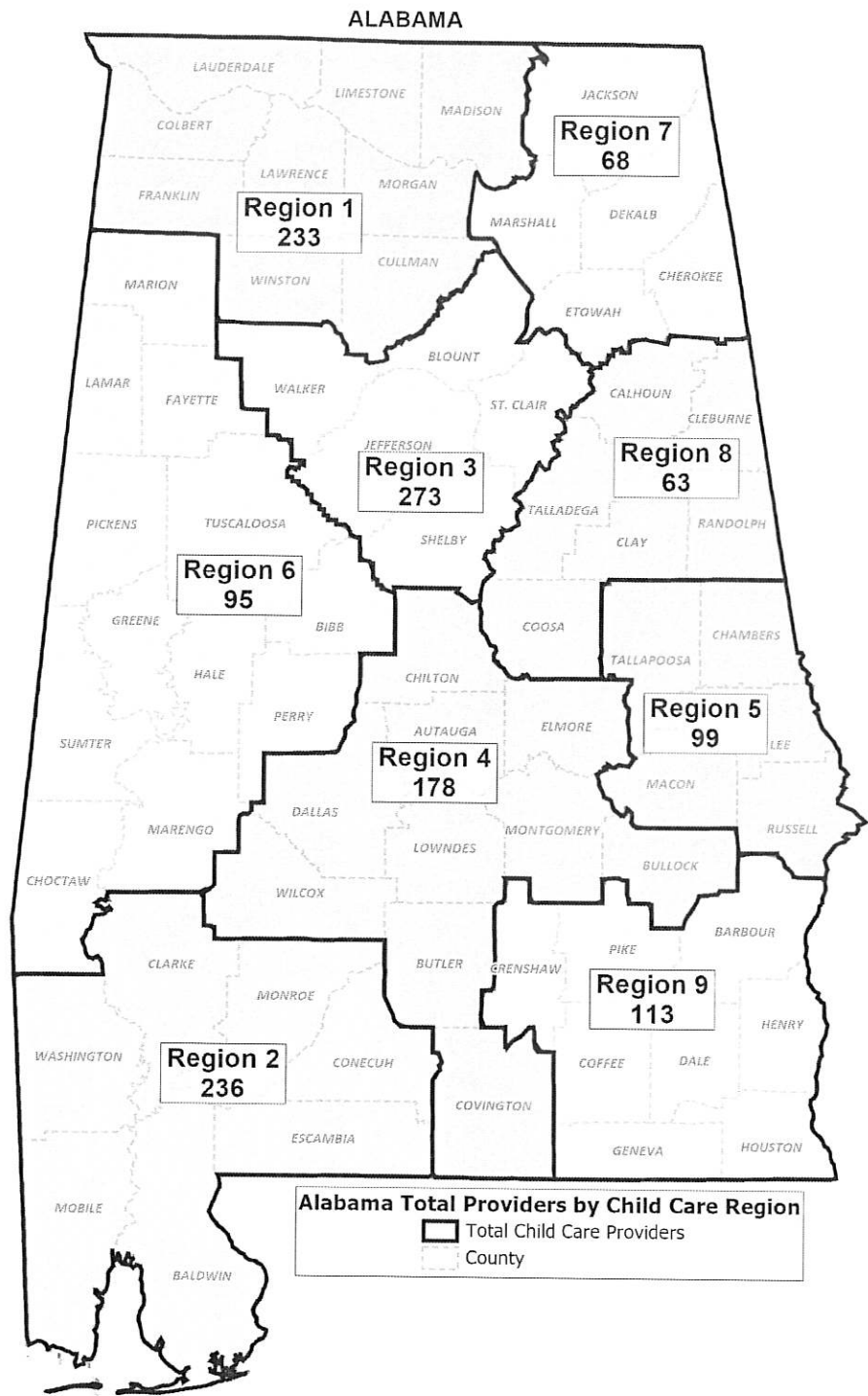
14. If you do NOT currently participate in the Child Care Subsidy Program, are you interested in receiving information about joining the subsidy program? _____ Yes _____ No

15. Please share any questions or concerns you have about the Child Care community.

If more space is needed, turn this sheet over and continue on the back.

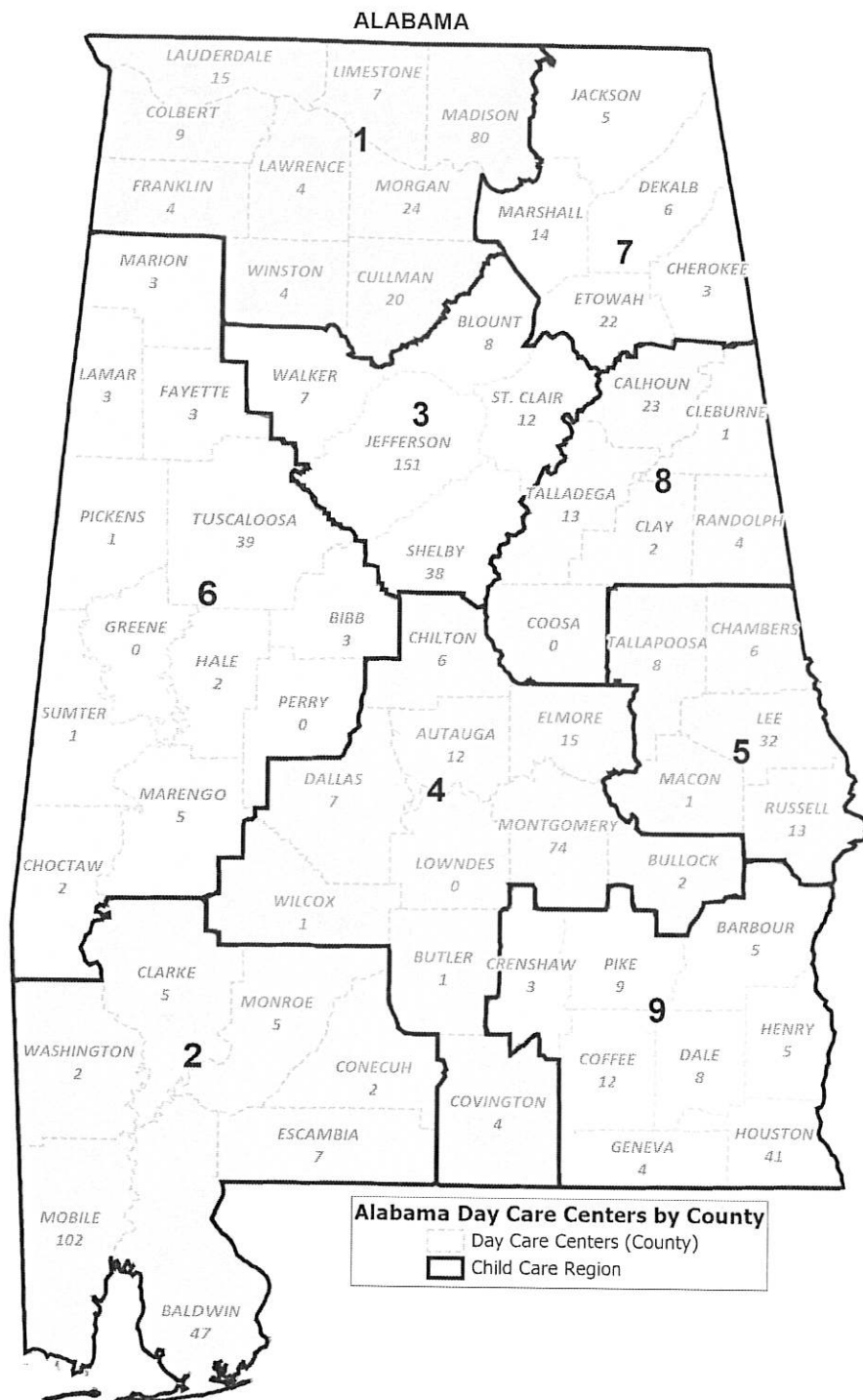
APPENDIX B: ALABAMA MAPS

Figure 2. Alabama Total Providers by Child Care Region



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Figure 3. Alabama Day Care Center by County



©2019 CALIPER

Figure 4. Alabama Family Day Care Homes by County

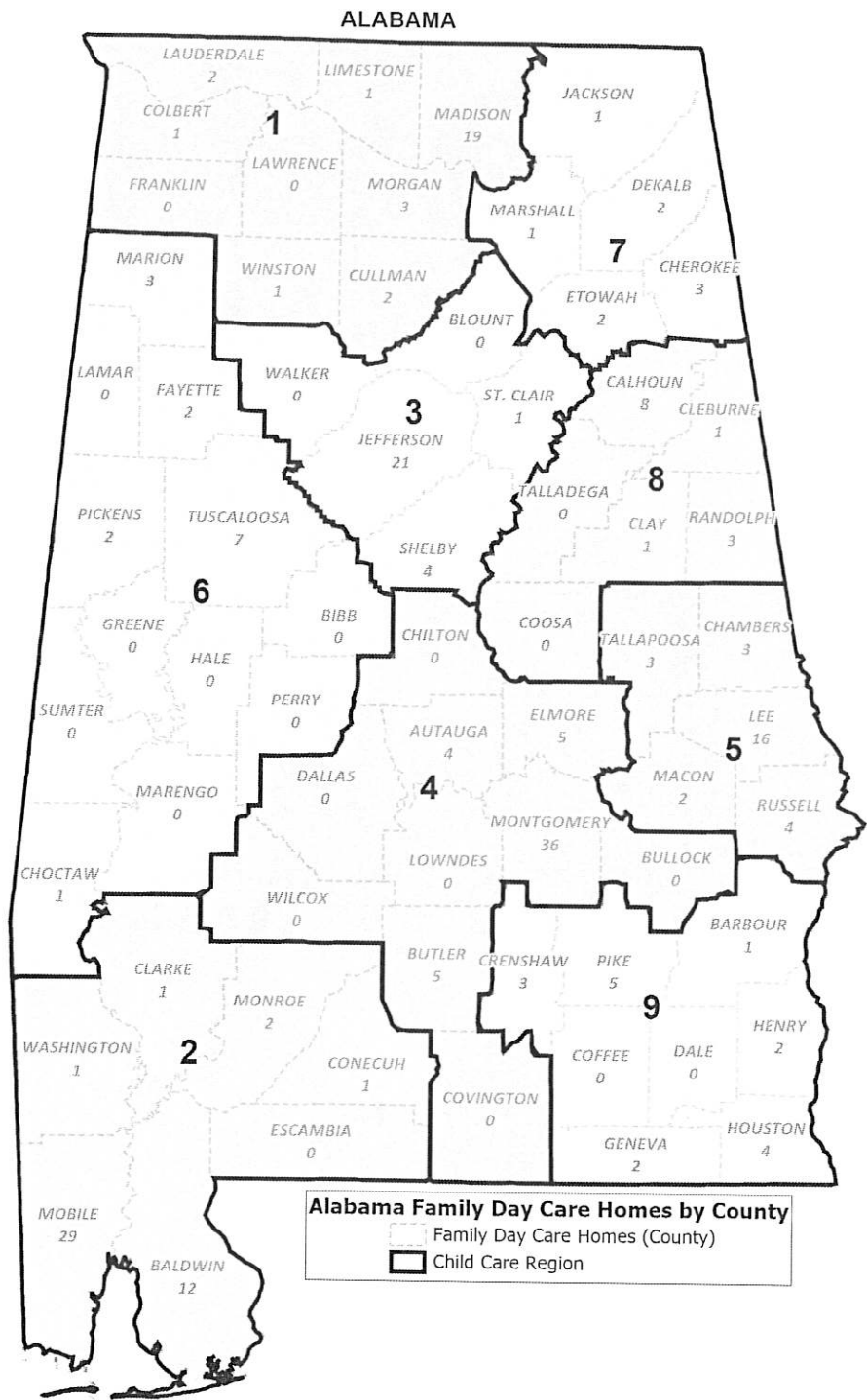
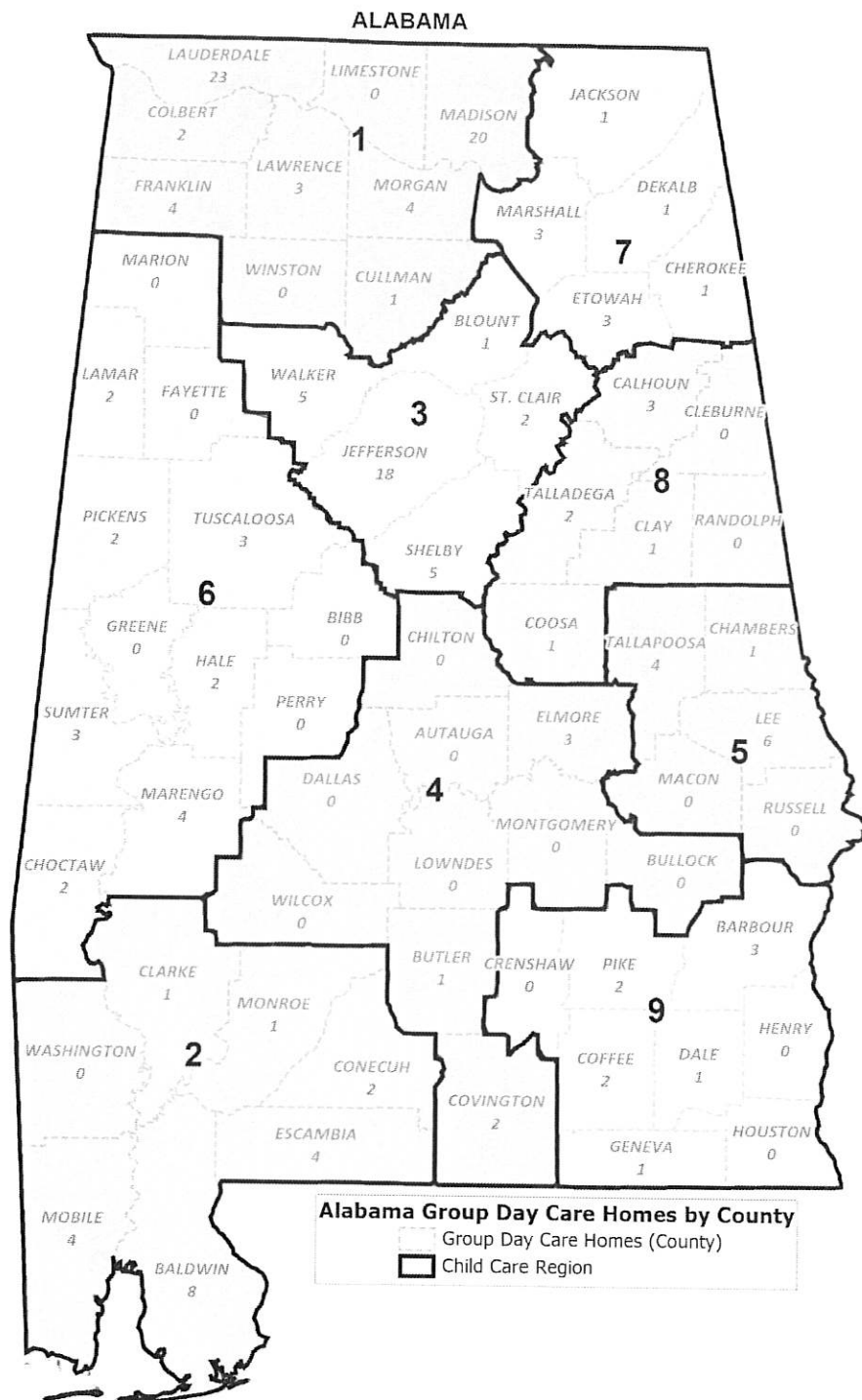


Figure 5. Alabama Group Day Care Homes by County



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APPENDIX C: Comparison of 2017 and 2021 Market Rate Survey Analysis

Table 19. 2017 and 2021 Comparison of Average and 75th Percentile Weekly Full-Time Child Care Rates for Children Under 2.5 Years by Child Care Management Regions and Provider type

CHILDREN UNDER 2.5 YRS												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$136	\$157	\$141	\$165	\$120	\$135	\$138	\$150	\$111	\$130	\$133	\$145
2	\$126	\$140	\$128	\$145	\$110	\$125	\$123	\$134	\$105	\$125	\$115	\$134
3	\$151	\$193	\$159	\$195	\$114	\$125	\$139	\$150	\$113	\$125	\$128	\$144
4	\$121	\$140	\$135	\$150	\$107	\$125	\$127	\$135	\$93	\$100	\$101	\$100
5	\$122	\$144	\$133	\$147	\$117	\$135	\$125	\$140	\$103	\$130	\$130	\$148
6	\$112	\$125	\$127	\$146	\$99	\$100	\$105	\$118	\$88	\$99	\$101	\$125
7	\$98	\$110	\$105	\$118	\$77	\$80	\$86	\$90	\$85	\$95	\$99	\$110
8	\$96	\$115	\$109	\$120	\$86	\$100	\$107	\$120	\$95	\$105	\$107	\$115
9	\$98	\$105	\$114	\$125	\$86	\$94	\$98	\$103	\$92	\$100	\$97	\$100

Table 20. 2017 and 2021 Comparison of Average and 75th Percentile Weekly Full-Time Child Care Rates for Children 2.5 - 5 Years by Child Care Management Regions and Provider type

CHILDREN 2.5 - 5 YRS												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$122	\$140	\$129	\$153	\$116	\$134	\$137	\$150	\$106	\$125	\$127	\$145
2	\$113	\$130	\$119	\$135	\$109	\$125	\$119	\$130	\$123	\$125	\$114	\$129
3	\$137	\$172	\$146	\$180	\$103	\$125	\$128	\$145	\$108	\$125	\$127	\$141
4	\$111	\$120	\$121	\$135	\$106	\$124	\$124	\$135	\$93	\$100	\$100	\$100
5	\$115	\$135	\$125	\$140	\$115	\$130	\$122	\$138	\$98	\$123	\$127	\$145
6	\$107	\$120	\$121	\$136	\$97	\$100	\$104	\$115	\$87	\$96	\$104	\$125
7	\$93	\$103	\$99	\$115	\$77	\$75	\$86	\$90	\$81	\$85	\$97	\$100
8	\$94	\$110	\$105	\$120	\$84	\$100	\$106	\$120	\$95	\$105	\$110	\$119
9	\$93	\$100	\$108	\$120	\$84	\$90	\$97	\$103	\$91	\$100	\$97	\$100

Table 21. 2017 and 2021 Comparison of Average and 75th Percentile Weekly Full-Time Child Care Rates for School Age Children by Child Care Management Regions and Provider type

SCHOOL AGE CHILDREN												
Region	DAY CARE CENTERS				FAMILY DAY CARE HOMES				GROUP DAY CARE HOMES			
	2017		2021		2017		2021		2017		2021	
	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile	Mean	75 th Percentile
1	\$112	\$130	\$118	\$135	\$114	\$131	\$133	\$150	\$102	\$125	\$114	\$137
2	\$106	\$125	\$115	\$130	\$106	\$125	\$100	\$125	\$97	\$115	\$116	\$125
3	\$123	\$139	\$128	\$150	\$94	\$111	\$108	\$133	\$106	\$125	\$118	\$131
4	\$101	\$115	\$108	\$125	\$101	\$123	\$111	\$128	\$93	\$100	\$95	\$98
5	\$111	\$130	\$120	\$140	\$110	\$125	\$117	\$130	\$93	\$121	\$120	\$138
6	\$106	\$120	\$118	\$126	\$95	\$100	\$96	\$100	\$87	\$98	\$105	\$125
7	\$85	\$95	\$97	\$110	\$75	\$75	\$96	\$90	\$86	\$93	\$91	\$90
8	\$88	\$110	\$103	\$119	\$78	\$91	\$108	\$128	\$91	\$101	\$108	\$115
9	\$83	\$95	\$101	\$115	\$78	\$85	\$82	\$88	\$91	\$100	\$93	\$100

**PPENDIX D: SUPPLEMENTAL QUESTIONNAIRE TO COLLECT
HEALTH, SAFETY, QUALITY AND STAFFING REQUIREMENTS DATA**

Supplemental Questionnaire

1. Capacity and Enrollment of Children

Age Group	Licensed Capacity	Desired Capacity	Maximum Child Care Subsidy Program Capacity	Total Enrollment	Actual Child Care Subsidy Program Enrollment
Less than 1 year old					
2 years old					
3 years old					
4 years old					
School age					

2. Primary Costs of Employees. In the table below, provide information requested for employed staff.

Position	Number of Employees	Average Hourly Wage or Salary
Teachers		
Teacher's Assistant		
Substitutes		

3. Expenses

Expenses	Annual Costs
Paid Training	
Curriculum Development	
Safety Training	
Health	
Training to Improve Program Quality	
Benefits Offered to Staff:	
Health Insurance	
Paid Holidays	
Paid Vacation	
Paid Sick/Personal Leave	
Paid Professional Development Days	
Rent	
Utility Expenses	
Wages:	
o Teachers	
o Teacher's Assistant	
o Substitutes	
Cost of Curriculum Materials	
Amount Received for Child Care Subsidy Program	

